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Joan McNeal and Andy Kimbell speak to Georgia Southern entrepreneurship class

April 23, 2012



On April 5 Joan McNeal and Andrew Kimbell spoke to students in two of Georgia Southern University COBA's entrepreneurship classes. Jim Williams, the Chair of the Advisory Council for the Center for Entrepreneurial Learning and Leadership hosted the two entrepreneurs during the lectures.

McNeal is a thought leader and a genuine innovator in the field of fraud prevention, whose 20-year background in related industries has culminated in the creation of a number of fraud prevention patents and the start-up of Exodus Payment Systems, LLC. Currently the CEO of Exodus Payment Systems, McNeal explained to the students although she lacks a bachelor's degree she always knew she would start her own business. Everything started back in the 1980's when McNeal and her husband had an agency focused on the collection of bad checks from large grocery store chains. Their collection agency grew to be one of the leading agencies in the country. In the early 1990's, McNeal and her husband began to notice an increase of fraud around the country.

Gangs coming from Central America were getting a payroll check from companies and turning around and reproducing hundreds of them. McNeal could see these gangs traveling from California across country to Georgia and then return back through Florida. The gangs would go to grocery stores such as Winn-Dixie and then to Publix using the same checks. McNeal also noticed an increase in credit card fraud and medical fraud. These increases brought higher prices for not only McNeal, but also for all the American people.

Aware of the harm that these gangs were causing to the country, McNeal started working with the Federal Bureau of Investigation (FBI) to try and put a stop to this. She stayed persistent always believing she would find a solution for the problem. In 1997, at a bad check conference in Las Vegas, Nev., a new technology that could read checks caught McNeal's attention. The problem was to figure it out if the person who cashed the check belonged to that account.

While at the conference she noticed a CNN newscast showing a new technology called biometrics, the introduction of fingerprint technology paired with a card reader. At that time it took five minutes to read and scan a credit card, but within a year McNeal was told that the time would be lowered to one minute. On her way home from the conference, she had the idea of combining the two ideas together.

McNeal would propose swiping a credit card and then sending the number to her company's database.



This number would then be hashed into the database. The question of “is that person the owner of that card?” would be examined. That’s when the person matches his/her fingerprint. If approved, and the purchase is online, it goes through a webcam by using a facial scan as opposed to fingerprint. The company checks if the purchaser owns the account being used. McNeal’s idea is about to turn into reality, but before achieving this innovative process she had to overcome a lot of obstacles along the way.

Knowing how hard is to patent a product, Ms. McNeal researched on her own until finally getting the first patent approved in 2004. She called several companies around the country, but received few replies. It wasn’t until a company based in California offered \$22 million that McNeal received her patent. After signing the contract, a sum was paid up front with an additional amount being paid in stock of the company and cash. The remaining amount was to be paid when the second patent was approved. Approval for this patent came four years later in June of 2008. However, things changed drastically for McNeal. She discovered the original company in California holding her patent went bankrupt. Learning from this valuable lesson, McNeal recommended to students to always get the money for a project up front. Looking back she wishes that she would have not taken any stock in the company.

In order to have her patent back she had to hire a highly skilled yet highly expensive attorney. McNeal learned it would not be easy to get her patent back. Hedge funds with over \$600 million in claims in the company were sending documents to McNeal showing she had collateral interest above them. After solving the problem almost by herself, McNeal decided to develop her own company in 2009.

McNeal finished her speech by telling the students that some qualities are essential in order to open a successful business. According to McNeal, these qualities include: having good family support, including your friends, having the right business partners, possessing good ethics and being able to adapt to change quickly. McNeal started Exodus Payment Systems, with a philosophy of “bringing real-time affordable technology to protect the people in our communities.”

After McNeal’s speech, the Andrew Kimbell began speaking with much enthusiasm the students. Kimbell is the owner of Truax Veneer Company, a manufacturer of premium rotary cut hardwood veneer cross-bands located in Lyons, GA. He began by discussing risks. According to Kimbell, it is normal for entrepreneurs to experience fluctuation with their businesses. He explained most people do not want to take the risks of being an entrepreneur such as leveraging their houses. That was not the case for Kimbell. All he ever wanted to do was to have fun as an entrepreneur. By taking the entrepreneurship program at Georgia Southern, he encouraged the students that they would be ready to face the challenges of the real world.

Even though the American economy has been struggling for the past couple of years, Kimbell explained there is still promise for college graduates. With baby boomers retiring, there leaves opportunity for the sale of family owned businesses. This will create tremendous opportunities for current college students to take over these businesses after graduating.



Next, Kimbell worked to explain the difference between a liquid and a non-liquid asset. Holding up a \$100 bill, Kimbell described cash as liquid asset and a business as a non-liquid asset. He then told the students to imagine that he was trying to sell one of them the bill during the class period. How would he sell it? According to Kimbell, it costs about 12 cents to produce a dollar bill. Most students could pay around \$20. By taking this \$20, Kimbell would be making a profit. He explained that there are incredible deals in the market and at auctions. Most people are unaware of the capability of some products and machines and ultimately end up selling them for a lower price than their worth.

Near the end of his speech, Kimbell shared a few of his life stories. He mentioned he attended entrepreneurship classes and served in the military. Afterwards was when he first went to look to work for banks. When Kimbell was job searching, there was no Internet. He would answer the ads of the Wall Street Journal and call people to find offers. One day Kimbell spent many hours talking to one man. He knew that this man had to sell his business soon because he was in need of the money. Kimbell met with him at his company, talked with the customers and employees of the company and ended up buying the company for a much lower price than the company was actually worth it. Kimbell even encouraged the students to bargain when making business deals.

He told the students that he was the lowest paid worker of his business for the past two years because he had to reinvest his money into the business. Kimbell knows this will one day soon change. *"You will have to live cheap if you are going to put capital into your business," said Kimbell.* Kimbell finished his speech by telling the students that certain skills are necessary in order to be a prepared entrepreneur for the next five to 10 years. These skills include: technical, accounting, good writing and listening. He also said it is important to have capital for a business.

Next ATDC/Creative Coast Seminar on Angel Investors

April 23, 2012

Entrepreneur Food for Thought Series:

Angel Investors as Partners, Supporters and

Equity Participants



Presented by:



Ray Wenig, President

Ariel Southeast Angel Partners

Thursday May 17th, 2012, 11:30am-1:00pm

Georgia Tech Savannah Campus, PARB Building, Rm #126

FREE LUNCH PROVIDED

To attend, please sign up at <http://fftmay17.eventbrite.com> by Tuesday, May 15, 2012.

About the Presentation:

Some key things that entrepreneurs need to be successful are CUSTOMERS, FINANCIAL RESOURCES and PROBLEM SOLVING SKILLS. Angel investors are a potential source of advice, capital and active engagement to support all three of these keys to success. Not all entrepreneurial ventures are right for angels and the angels are highly selective and careful in the businesses they choose to support. However if your business and the angels are a good fit there will develop a relationship that is tougher, stronger and longer than with most other business support services. It will become a two way collaborative relationship that wholeheartedly supports entrepreneurial success for all parties.

This session will present an open and interactive discussion on who, what, why and how Angels can support entrepreneurs. It will focus on the stages of business development where angels fit and the recent changes in the landscape of new business startup financing including crowdsourcing and venture funds. Several actual project examples will be presented and evaluated.

About the Speaker:

Ray Wenig is a proactive supporter of entrepreneurial ideas and companies. He has a history of building entrepreneurial organizations and actively supporting others as an active angel investor. Trained as an Industrial Engineer at MIT, he has a consulting career of creating ideas and solutions in a wide range of industrial, manufacturing and information systems projects. He has had a secondary career in creating,

producing and delivering creative management and technical training programs for educational institutions, corporate training centers and management teams. His angel investing career has involved evaluating new technologies, searching for innovative solutions and creative ideas and proactively supporting new businesses that can identify and seize market opportunities and develop viable high growth ventures.

He founded the Hilton Head Angel Partners in 2004 and merged it with the Ariel Savannah Angel Partners in 2006. Through his operations management oversight the membership has grown to over 50 active angel investors with over \$4 million invested in 18 companies in a wide variety of fields.

Ray Wenig is an active participant in the Lowcountry Entrepreneurial Alliance, the New Directions Network, the MIT Club of South Carolina and Coastal Georgia, the Angel Capital Association and numerous other business cultivation activities.